

CONTRACT #13
RFS # 329.01-184
FA # 07-16833-00

Correction

VENDOR:
Spectrum Health Systems, Inc.
(Program Two)



STATE OF TENNESSEE
DEPARTMENT OF CORRECTION
6TH FLOOR RACHEL JACKSON BUILDING
320 SIXTH AVENUE NORTH
NASHVILLE, TENNESSEE 37243-0465
OFFICE (615) 741-1000 EXT. 8104 • FAX (615) 741-4605

MEMORANDUM

TO: Leni Chick
Contract & Audit Coordinator
Fiscal Review Committee Staff

FROM: William M. Anderson, Director
Contracts Administration

DATE: December 3, 2009

SUBJECT: Request for Non-Competitive Amendment

32901-17906 FA-06-16688-00 Spectrum Health Services, Inc.
32901-18407 FA-07-16833-00 Spectrum Health Services, Inc.

RECEIVED

DEC 04 2009

FISCAL REVIEW

Enclosed is a Non-Competitive Amendment Request to the contracts between the Department of Correction, and Spectrum Health Services, Inc. The enclosed supporting documentation details information, for each, 32901-17906, and 32901-18407, as required pursuant to Department of Finance and Administration rules and policy.

- 1) Original Contract
- 2) Summary sheet for contract
- 3) Request for Non-Competitive Amendment
- 4) Proposed Amendments No. 3
- 5) Supplement Documentation Required for Fiscal Review Committee

The Tennessee Department of Correction respectfully submits this Non-Competitive Amendment Request for Fiscal Review Committee comments and/or approval.

Thank you for your consideration of this matter.

/lr
Enclosures

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	William M. Anderson		*Contact Phone:	615.253.8104	
*Original Contract Number:	FA-07-16833-00		*Original RFS Number:	329.01-184	
Edison Contract Number: <i>(if applicable)</i>	7084		Edison RFS Number: <i>(if applicable)</i>	32901-18407	
*Original Contract Begin Date:	July 3, 2006		*Current End Date:	December 31, 2009	
Current Request Amendment Number: <i>(if applicable)</i>			Three (3)		
Proposed Amendment Effective Date: <i>(if applicable)</i>			January 1, 2010		
*Department Submitting:			Correction		
*Division:			Fiscal Services		
*Date Submitted:			November 30, 2009		
*Submitted Within Sixty (60) days:			Yes		
<i>If not, explain:</i>					
*Contract Vendor Name:			Spectrum Health Systems, Inc.		
*Current Maximum Liability:			\$1,905,000.00		
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY:	FY
\$ 517,712.00	\$ 541,690.00	\$ 561,098.00	\$ 284,500.00	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY	FY
\$ 333,006.66	\$ 406,729.90	\$ 535,966.86	\$ 76,110.36	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			The surplus funds reverted back to the General Fund.		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			N/A		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			N/A		

Supplemental Documentation Required for Fiscal Review Committee

*Contract Funding Source/Amount:	State:	\$1,403,640.00	Federal:	\$501,360.00
Interdepartmental:		N/A	Other:	N/A
If "other" please define:				
Dates of All Previous Amendments or Revisions: (if applicable)			Brief Description of Actions in Previous Amendments or Revisions: (if applicable)	
Amendment 1 1/1/08			Extended to 12/31/08 Increased Maximum Liability \$1,336,000.00	
Amendment 2			Extended term to 12/31/09 Increased Maximum Liability to \$1,905,000.00	
Method of Original Award: (if applicable)			RFP	
*What were the projected costs of the service for the entire term of the contract prior to contract award?			SEE BELOW	

<u>SERVICE UNIT/MILESTONE</u>	Hourly Rate during 7/3/2006 thru 6/30/2007	Hourly Rate during 7/1/2007 thru 12/31/2007	*Hourly Rate during 1/1/2008 thru 12/31/2008	*Hourly Rate during 1/1/2009 thru 12/31/2009	*Hourly Rate during 1/1/2010 thru 12/31/2010
Licensed Substance Abuse Counselor Hourly Rate	\$37.66	\$38.64	\$40.19	\$41.32	\$42.49
Non-licensed Substance Abuse Counselor Hourly Rate	\$30.46	\$31.24	\$32.48	\$33.38	\$34.30

* Would apply if extended by amendment.

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:	FY:	FY:	FY:	FY:

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Spectrum

329.01 - 179 +

329.01 - 184

Vendor Payment Details Annual (VF-i29)

Report Filter:
(Vendor Number) (Code) = "V042478978" And ((Effective Year) = 2006, 2007, 2008, 2009)

Report Limits:
(Vendor Disbursements) <> 0

Page by:
Vendor Number: V043478978
IRS Name: SPECTRUM HEALTH SYSTEMS

Warrant Number	Vendor Suffix	Vendor Name	Vendor Invoice	Voucher	Department	Division	Process Date	Transaction-Document*	Vendor Disbursements
Q757989	00	SPECTRUM ADDITION SERVICES INC	03/31/06	V0684	329	01	4/28/2006	217 V0684 00	9,309.21
3428300	01	SPECTRUM	04/30/06	V0759	329	01	5/23/2006	235 V0759 00	27,541.98
3527192	01	SPECTRUM	05/31/06	V0852	329	01	6/30/2006	263 V0852 00	30,299.96
									67,151.15
									FY06
									0.00
3557559	01	SPECTRUM	06/30/06	V0887	329	01	7/13/2006	8 V0887 00	21,262.87
3737477	01	SPECTRUM	07/31/06	V0156	329	01	9/29/2006	70 V0156 00	55,175.98
3737477	01	SPECTRUM	07/31/06	V0156	329	01	9/29/2006	70 V0156 01	7,766.37
3737477	01	SPECTRUM	08/31/06	V0156	329	01	9/29/2006	70 V0156 01	79,366.44
3792712	01	SPECTRUM	09/30/06	V0228	329	01	10/25/2006	89 V0228 01	31,631.50
3792712	01	SPECTRUM	09/30/06	V0228	329	01	10/25/2006	89 V0228 00	33,582.30
3873904	01	SPECTRUM	10/31/06	V0303	329	01	11/27/2006	110 V0303 00	45,195.95
3873904	01	SPECTRUM	10/31/06	V0303	329	01	11/27/2006	110 V0303 00	24,025.84
4050605	01	SPECTRUM	11/30/06	JL2	329	01	2/6/2007	158 JL2 00	8,359.41
4099564	01	SPECTRUM	11/30/06	V0568	329	01	2/26/2007	172 V0568 00	29,723.55
4099564	01	SPECTRUM	11/30/06	V0568	329	01	2/26/2007	172 V0568 00	17,702.85
4099564	01	SPECTRUM	12/31/06	V0568	329	01	2/26/2007	172 V0568 00	19,185.75
4099564	01	SPECTRUM	12/31/06	V0568	329	01	2/26/2007	172 V0568 00	25,452.43
4099564	01	SPECTRUM	12/31/06	V0568	329	01	2/26/2007	172 V0568 00	18,777.26
4099564	01	SPECTRUM	12/31/06	V0568	329	01	2/26/2007	172 V0568 00	19,642.65
4123247	01	SPECTRUM	01/31/07	V0588	329	01	3/6/2007	178 V0588 01	1,306.67
4123247	01	SPECTRUM	01/31/07	V0588	329	01	3/6/2007	178 V0588 00	33,690.29
4123247	01	SPECTRUM	01/31/07	V0588	329	01	3/6/2007	178 V0588 00	18,846.49
4177656	01	SPECTRUM	02/28/07	V0669	329	01	3/27/2007	194 V0669 00	20,892.90
4177656	01	SPECTRUM	02/28/07	V0669	329	01	3/27/2007	194 V0669 00	30,401.43
4177656	01	SPECTRUM	02/28/07	V0669	329	01	3/27/2007	194 V0669 00	15,974.38
4285472	01	SPECTRUM	03/31/07	V0763	329	01	5/9/2007	225 V0763 00	18,957.30
4285472	01	SPECTRUM	03/31/07	V0763	329	01	5/9/2007	225 V0763 00	35,510.85
4385542	01	SPECTRUM	04/30/07	V0907	329	01	6/19/2007	255 V0907 00	43,031.85
4385542	01	SPECTRUM	04/30/07	V0907	329	01	6/19/2007	255 V0907 00	32,509.26
4385542	01	SPECTRUM	04/30/07	V0907	329	01	6/19/2007	255 V0907 00	34,354.74
4396663	01	SPECTRUM	05/31/07	V0912	329	01	6/22/2007	258 V0912 00	22,162.62
4396663	01	SPECTRUM	05/31/07	V0912	329	01	6/22/2007	258 V0912 00	39,672.94
									FY07
									784,162.87
									451,156.21
									333,006.66
4458853	01	SPECTRUM	06/30/07	V0955	329	01	7/19/2007	14 V0955 01	28,419.00
4458853	01	SPECTRUM	06/30/07	V0955	329	01	7/19/2007	14 V0955 00	28,221.34
4495669	01	SPECTRUM	6/30/07	V0020	329	01	8/6/2007	27 V0020 01	2,511.00
4495669	01	SPECTRUM	6/30/07	V0020	329	01	8/6/2007	27 V0020 00	2,824.50
4556990	01	SPECTRUM	07/31/07	V0113	329	01	8/31/2007	48 V0113 01	4,871.34
4556990	01	SPECTRUM	07/31/07	V0113	329	01	8/31/2007	48 V0113 00	28,696.50
4556990	01	SPECTRUM	07/31/07	V0113	329	01	8/31/2007	48 V0113 00	17,901.50
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159 01	19,034.10
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159 00	1,757.70
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159 00	29,510.58
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159 00	21,148.80
4611404	01	SPECTRUM	8/31/07	V0159	329	01	9/24/2007	65 V0159 00	23,818.80

*Accrual FY06
*Accrual FY07


Warrant Number	Vendor Suffix	Vendor Name	Vendor Invoice	Voucher	Department	Division	Process Date	Transaction-Document*	FY10	Vendor Disbursements
								7082 FA0616688	51,988.61	
								7084 FA0716833	76,110.36	

Contract

Create Release

Review Releases

SetID: SHARE 116688
Contract ID: 000000000000000000007082

*Status: Approved *Contract Type SYC (FA) - Type Contract 

Administrator:

▼ Header

Add a D

Process Option: General Contract

Vendor: SPECTRUM H-004

Vendor ID: 0000004805 Spectrum

Begin Date: 03/01/2006 Vendor Details

Expire Date: 12/31/2009 Sub Contractor

Currency: USD CRRNT

Primary Contact:

Vendor Contract Ref: FA0616688

Description: 030106 RESIDENTIAL ALCOHOL/DRU

Master Contract ID:

☐ Tax Exempt

Add Comments

Contract Activities

Primary Contact Info

Contract Agreement

Amount Summary

Activity Log

Document Status

Thresholds & Notifications

Renewals/Extensions

Maximum Amount: 1,025,549.84 USD

Line Released: 142,030.95

Open Item Relsd: 0.00

Total Released Amount: 142,030.95

Remaining Amount: 883,518.89

Remaining Percent: 86.15

▼ Order Contract Options

☒ Allow Multicurrency PO☐ Allow Open Item Reference☐ Must Use Contract Rate Date

Corporate Contract

☐ Adjust Vendor Pricing First

Rate Date: 05/11/2009

☐ Lock Chartfields☐ Price Can Be Changed on Order

PO Defaults

PO Open Item Pricing

▼ Voucher Contract Options

Invoice Number:

AP Business Unit:

Accounting Template:

Payment Terms ID:

Basis Dt Type:

Gross Amount: 0.00 USD

Freight Amount: 0.00

Sales Tax Amount: 0.00

VAT Amount: 0.00

Misc Charge Amount: 0.00

Miscellaneous Charges Retention

Add Items From

Catalog

Item Search

Lines

Customize | Find | View All | 

Details

Order By Amount

Item Information

Default Schedule

Release Amounts

Release Quantities



Line	Type	Type ID	Description	UOM	Category	Merchandise Amt
------	------	---------	-------------	-----	----------	-----------------

1	 Item		SPECTRUM	 EA	918-03	627025.92    
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View Category Hierarchy



Category Search

Contract

Create Release

Review Releases

SetID: SHARE 16833
Contract ID: 000000000000000000007084

*Status: Approved 
*Contract Type: SVC (FA) - type Contract 

Administrator:

▼ Header

Add a D

Process Option: General Contract
Vendor: SPECTRUM H-004
Vendor ID: 0000004805 Spectrum
Begin Date: 07/01/2006 Vendor Details
Expire Date: 12/31/2009 Sub Contractor
Currency: USD CRRNT

Add Comments
Contract Activities
Primary Contact Info
Contract Agreement
Amount Summary
Activity Log
Document Status
Thresholds & Notifications
Renewals/Extensions
Maximum Amount: 1,049,693.38 USD
Line Released: 207,326.74
Open Item Relsd: 109 = 131,216.38 0.00
Total Released Amount: 110 = 76,110.36 207,326.74

Primary Contact:
Vendor Contract Ref: FA0716833
Description: 070306 RES ALCOHOL & DRUG TREA

Master Contract ID:

Remaining Amount: 842,366.64

Remaining Percent: 80.25

☐ Tax Exempt

▼ Order Contract Options

☒ Allow Multicurrency PO☐ Allow Open Item Reference☐ Must Use Contract Rate Date☐ Corporate Contract☐ Adjust Vendor Pricing First

Rate Date: 05/11/2009

☐ Lock Chartfields☐ Price Can Be Changed on Order

PO Defaults

PO Open Item Pricing

▼ Voucher Contract Options

Invoice Number:

Gross Amount: 0.00 USD

AP Business Unit:

Freight Amount: 0.00

Accounting Template:

Sales Tax Amount: 0.00

Payment Terms ID:

VAT Amount: 0.00

Basis Dt Type:

Misc Charge Amount: 0.00


Miscellaneous Charges Retention

Add Items From

Catalog

Item Search

Lines

Customize | Find | View All | 

Details

Order By Amount







Item Information

Default Schedule

Release Amounts

Release Quantities



Line	Type	Type ID	Description	UOM	Category	Merchandise Amt
1	 Item		SPECTRUM	 EA	918-03	667097.69    

View Category Hierarchy

Category Search

[illegible]

Cont'd	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1222	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NON-COMPETITIVE AMENDMENT REQUEST:**APPROVED****Commissioner of Finance & Administration**

1) RFS #	32901-18407 (Edison ID 7084)	
2) Procuring Agency :	TENNESSEE DEPARTMENT OF CORRECTION	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Comprehensive Alcohol Drug Treatment Program Two	
4) Contractor :	Spectrum Health Systems, Inc.	
5) Contract #	FA-07-16833-00	
6) Contract Start Date :	July 3, 2006	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2009	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 1,905,000.00	
PROPOSED AMENDMENT INFORMATION		
9) Amendment #	3	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	January 1, 2010	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2010	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 2,412,000.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Amendment does not propose additional services.		
15) Explanation of Need for the Proposed Amendment :		
The proposed amendment exercises the term extension, and allows the contractor to continue to provide services without interruption at a price lower than re-bidding the services.		
16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)		
Spectrum Health Systems, Inc., 10 Mechanic Street, Suite 202, Worcester, MA 01608		
17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)		
Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request		
18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)		
Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request		

19) Department of Human Resources Endorsement : (required for state employees training service)Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request****20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :**

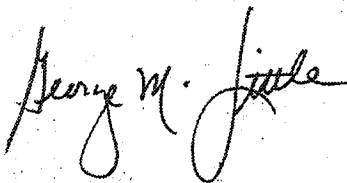
The proposed amendment extends the contract for an additional year in accordance with the rates submitted by the Contractor in response to TDOC's RFP. To maintain continuity of services and to maintain the contracted rates, the Tennessee Department of Correction did not seek other contractors to provide these services.

21) Justification for the Proposed Non-Competitive Amendment :

This Contractor was awarded the contract in 2006 based on being the best evaluated proposer to TDOC's RFP. Since there is no change in the rates or cost of the contract, for continuity of services and cost to the State it is in the best interest of the State to continue with an extension of this contract.

AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



12/4/09

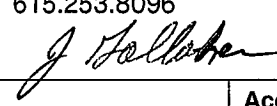
SIGNATURE & DATE



C O N T R A C T A M E N D M E N T

Agency Tracking # 32901-18407		Edison ID 7084		Contract # FA-07-16833-00		Amendment # 3	
Contractor Spectrum Health Systems, Inc.				Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 042478978			
Amendment Purpose/ Effects Residential Alcohol and Drug Treatment Program Two							
Contract Begin Date 07/03/2006		Contract End Date 12/31/10		Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor		CFDA #(s) N/A	
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount		
2007	\$367,712.00	150,000.00			\$517,712.00		
2008	\$410,632.00	131,058.00			\$541,690.00		
2009	\$395,420.00	165,678.00			\$561,098.00		
2010	\$424,942.00	101,258.00			\$526,200.00		
2011	\$214,362.00	50,938.00			\$265,300.00		
TOTAL:	\$1,813,068.00	598,932.00			2,412,000.00		

American Recovery and Reinvestment Act (ARRA) Funding - ☒ YES ☐ NO

— COMPLETE FOR AMENDMENTS —			Agency Contact & Telephone #	
END DATE AMENDED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			Jim Cosby 615.253.8260	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
2007	\$517,712.00		Joey Gallaher 615.253.8096	
2008	\$541,690.00			
2009	\$561,098.00			
2010	\$284,500.00	\$241,700.00		
2011		\$265,300.00	Speed Code	Account Code
TOTAL:	1,905,000.00	\$507,000.00		70804000

— OCR USE —

Procurement Process Summary (non-competitive, FA- or ED-type only)
RFP

**AMENDMENT THREE
TO FA-07-16833-00**

This Contract Amendment is made and entered by and between the State of Tennessee, DEPARTMENT OF CORRECTION, hereinafter referred to as the "State" and SPECTRUM HEALTH SYSTEMS, INC., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B. CONTRACT TERM:

- B.1. Contract Term: This Contract shall be effective for the period commencing on **July 3, 2006** and ending on **DECEMBER 31, 2010**. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed **TWO MILLION FOUR HUNDRED TWELVE THOUSAND DOLLARS (\$2,412,000.00)**. The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. The following provision is added as Contract Section E.17:

- E.17. Liquidated Damages. Liquidated Damages- In the event of a Breach, the State may assess Liquidated Damages. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. Contractor hereby represents and covenants it has carefully reviewed the Liquidated Damages contained in **Attachment TWO** and agrees that said amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

The State may continue to withhold the Liquidated Damages or a portion thereof from funds due to the Contractor until the Contractor cures the Breach, the State exercises its option to declare a Partial Default, or the State terminates the Contract. The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity; provided, however, Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

4. Contract Attachment **TWO – LIQUIDATED DAMAGES SCHEDULE** attached hereto is added as a new Contract Attachment.

5. The following provision is added as Contract Section E.18:

E.18. Federal Economic Stimulus Funding. This Contract requires the Contractor to provide products and/or services that are funded in whole or in part under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, (Recovery Act). The Contractor is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of the Recovery Act are met and that the Contractor provides information to the State as required.

The Contractor (and any subcontractor) shall comply with the following:

- a. Federal Grant Award Documents, as applicable.
- b. Executive Office of the President, Office of Management and Budget (OMB) Guidelines as posted at www.whitehouse.gov/omb/recovery_default/, as well as OMB Circulars, including but not limited to A-102 and A-133 as posted at www.whitehouse.gov/omb/financial_offm_circulars/.
- c. Office of Tennessee Recovery Act Management Directives (posted on the Internet at www.tnrecovery.gov).
- d. The Recovery Act, including but not limited to the following sections of that Act:
 - (1) Section 1604 – Disallowable Use. No funds pursuant to this Contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.
 - (2) Section 1512 – Reporting and Registration Requirements. The Contractor must report on use of Recovery Act funds provided through this Contract. Information from these reports will be made available to the public.
 - (3) Section 1553 – Recovery Act Whistleblower Protections. An employee of any non-Federal employer receiving covered funds under the Recovery Act may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Accountability and Transparency Board, an inspector general, the Comptroller General, a member of Congress, a State or Federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or other person working for the employer who has the authority to investigate, discover or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee believes is evidence of

one or more of the following related to the implementation or use of covered funds:

- i. gross mismanagement,
- ii. gross waste,
- iii. substantial and specific danger to public health or safety,
- iv. abuse of authority, or
- v. violation of law, rule, or regulation (including those pertaining to the competition for or negotiation of a Contract).

Non-enforceability of Certain Provisions Waiving Rights and Remedies or Requiring Arbitration: Except as provided in a collective bargaining agreement, the rights and remedies provided to aggrieved employees by this section may not be waived by any agreement, policy, form, or condition of employment, including any predispute arbitration agreement. No predispute arbitration agreement shall be valid or enforceable if it requires arbitration of a dispute arising out of this section.

Requirement to Post Notice of Rights and Remedies: The Contractor and any subcontractor shall post notice of the rights and remedies as required under Section 1553. (Refer to Section 1553 of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 located at www.recovery.gov, for specific requirements of this section and prescribed language for the notices.)

- (4) **Section 902 – Access Of Government Accountability Office.** The Contractor shall provide that the Comptroller General and his representatives are authorized:
 - i. to examine any records of the Contractor or any of its subcontractors, that directly pertain to, and involve transactions relating to, this Contract or a subcontract; and
 - ii. to interview any officer or employee of the Contractor or any of its subcontractors regarding such transactions.
- (5) **Section 1514 – Inspector General Reviews.** Any inspector general of a federal department or executive agency has the authority to review, as appropriate, any concerns raised by the public about specific investments using such funds made available in the Recovery Act. In addition, the findings of such reviews, along with any audits conducted by any inspector general of funds made available in the Recovery Act, shall be posted on the inspector general's website and linked to the website established by Recovery Act Section 1526, except that portions of reports may be redacted to the extent the portions would disclose information that is protected from public disclosure under sections 552 and 552a of title 5, United States Code.
- (6) **Section 1515 – Access of Offices of Inspector General to Certain Records and Employers.** With respect to this Contract, any representative of an appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.), is authorized:
 - i. to examine any records, of the Contractor or any of its subcontractors, that pertain to and involve transactions relating or pursuant to this Contract; and
 - ii. to interview any officer or employee of the Contractor or any subcontractors regarding such transactions.

- (7) Section 1606 – Wage Rate Requirements. All laborers and mechanics employed by pursuant to this Contract shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. All rulings and interpretations of the Davis-Bacon Act and related acts contained in 29 CFR 1, 3, and 5 are herein incorporated by reference.

For purposes of this Contract, laborer or mechanic includes at least those workers whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade), as distinguished from mental or managerial. The term laborer or mechanic includes apprentices, trainees, helpers, and, in the case of contracts subject to the Contract Work Hours and Safety Standards Act, watchmen or guards.

- (8) Section 1605 – Buy American Requirements for Construction Material – Buy American, Use of American Iron, Steel, and Manufactured Goods. None of the funds provided by this Contract may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.
- e. The Contractor agrees to comply with any modifications or additional requirements that may be imposed by law and future guidance and clarifications of Recovery Act requirements.
- f. If the Contractor enters into one or more subcontracts for any of the services performed under this Contract, each subcontract shall contain provisions specifically imposing on the subcontractor all requirements set forth in this Contract Section E.18., "Federal Economic Stimulus Funding."

The revisions set forth herein shall be effective on the date of final approval by the appropriate State officials in accordance with applicable Tennessee State laws and regulations. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

SPECTRUM HEALTH SYSTEMS, INC.:

Charles J. Faris, President and CEO

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

TENNESSEE DEPARTMENT OF CORRECTION:

George M. Little, Commissioner

DATE

ATTACHMENT TWO

LIQUIDATED DAMAGES SCHEDULE

DEFICIENCY LEVEL	DEFINITION	LIQUIDATED DAMAGES
I	A performance standard that, if not met, is likely to be disruptive to the overall delivery of program services for the individual program. A significant disruption in the quality of program treatment service delivery or non adherence to policy is evident.	\$500.00
II	A performance standard that, if not met, has the potential to adversely impact the treatment/programming results of an inmate and/or adversely impact administrative practice.	\$250.00
III	A performance standard that, if not met, prevents the State from monitoring the Contractor's performance and/or may adversely impact the continuity of inmate programming and/or administrative operations.	\$100.00



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE

FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman

Representatives

Curt Cobb	Donna Rowland
Curtis Johnson	David Shepard
Gerald McCormick	Curry Todd
Mary Pruitt	Eddie Yokley
Craig Fitzhugh, <i>ex officio</i>	
Speaker Jimmy Naifeh, <i>ex officio</i>	

Sen. Douglas Henry, Vice-Chairman

Senators

Bill Ketron	Reginald Tate
Doug Jackson	Jamie Woodson
Paul Stanley	
Randy McNally, <i>ex officio</i>	
Lt. Governor Ron Ramsey, <i>ex officio</i>	

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee

DATE: August 14, 2008

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 8/12)

cc
bk

RFS# 329.01-184 (329.01-267)

Department: Correction

Contractor: Spectrum Health Systems, Inc.

Summary: The vendor is currently responsible for the development and implementation of an in-prison comprehensive alcohol and drug treatment program in various facilities. The proposed amendment increases the maximum liability by \$569,000 and extends the current contract for an additional year, through December 31, 2009.

Maximum liability: \$1,336,000

Maximum liability with amendment: \$1,905,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: The Honorable George Little, Commissioner
Mr. Robert Barlow, Director, Office of Contracts Review



STATE OF TENNESSEE
DEPARTMENT OF CORRECTION
3rd FLOOR RACHEL JACKSON BUILDING
320 SIXTH AVENUE NORTH
NASHVILLE, TENNESSEE 37243-0465
OFFICE (615) 741-1000 EXT. 8094 ! FAX (615) 741-4605

RECEIVED

JUL 31 2008

FISCAL REVIEW

MEMORANDUM

TO: Robert Barlow
Department of Finance and Administration
Office of Contracts Review

FROM: *jc* Jim Cosby, Assistant Commissioner
Rehabilitative Services

DATE: July 18, 2008

SUBJECT: Requests for Non Competitive Amendment #2 to RFS # 329.01-179 and
RFS 329.01-184

Enclosed for your review and approval are the subject requests for amendment two to TDOC's two contracts with Spectrum Health Systems, Inc. for alcohol and drug treatment.

These amendments are to become effective on October 1, 2008 and will accomplish the following:

1. The two amendments will extend the contracts through December 31, 2009 and provide for the related funding.
2. The amendment to RFS 329.01-179 changes the Scope of Services to provide improved accountability and clarity on proposed services to be rendered, urinalysis testing, measurable accountability in the use of an evidenced based treatment model for drug involved offenders, the use of required documents by the state, appropriate staffing patterns and administrative tasks of the vendor.
3. The amendment to RFS 329.01-184 changes the Scope of Services to provide improved accountability and clarity on proposed services to be rendered, urinalysis testing, measurable accountability in the use of an evidenced based treatment model for drug involved offenders, the use of required documents by the state, appropriate staffing patterns and administrative tasks of the vendor.

Thanking you in advance for your consideration of this request.

C: ✓ Leni S. Chick, Fiscal Review Committee
George M. Little, Commissioner
Gayle Ray, Deputy Commissioner
Catherine Posey, Assistant Commissioner

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	329.01-267-09	
2) State Agency Name :	Department of Correction	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Alcohol and Drug Abuse Counseling	
4) Contractor :	Spectrum Health Systems, Inc.	
5) Contract #	FA-07-16833-00	
6) Contract Start Date :	July 3, 2006	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2010	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$2,489,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	Two	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	October 1, 2008	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2010	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$2,489,000	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
The proposed amendment affects the Scope of Services: staffing requirements and administrative tasks.		
15) Explanation of Need for the Proposed Amendment :		
The proposed amendment to the scope of services provides improved accountability and clarity of services to be rendered including urinalysis testing, measurable accountability in the use of an evidenced based treatment model for drug involved offenders, the use of		

required documents by the State, appropriate staffing patterns and administrative tasks of the contractor.

16) Name & Address of Contractor's Current Principal Owner(s) :

(not required if proposed contractor is a state education institution)

Spectrum Health Systems, Inc., 10 Mechanic Street, Suite 302, Worcester, MA 01608

17) Documentation of Office for Information Resources Endorsement :

(required only if the subject service involves information technology; N/A to THDA requests)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :

(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :

(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

The proposed amendment extends the contract for an additional year in accordance with the rates submitted by the Contractor in response to TDOC's RFP and makes certain changes to the Scope of Services. To maintain continuity of services and to maintain the contracted rates, the Tennessee Department of Correction did not seek other contractors to provide these services.

21) Justification for the Proposed Non-Competitive Amendment :

This Contractor was awarded the contract in 2006 based on being the best evaluated proposer to TDOC's RFP. Since there is no change in the rates or cost of the contract and since this only involves certain Scope of Service changes, for continuity of services and cost to the State it is in the best interest of the State to continue with an extension of this contract.

REQUESTING AGENCY HEAD SIGNATURE & DATE :



(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Agency Head Signature

7-22-08
Date

CONTRACT SUMMARY SHEET

8-8-05

RES #				Contract #			
329.01-184				FA-07-16833-02			
State Agency				State Agency Division			
Department of Correction				Rehabilitative Services			
Contractor Name				Contractor ID # (FEIN or SSN)			
Spectrum Health Systems, Inc.				C- or <input checked="" type="checkbox"/> V- 042478978			
Service Description							
Residential Alcohol and Drug Treatment Program Two							
Contract BEGIN Date		Contract END Date		Subrecipient or Vendor?		CFDA #	
7/3/2006		12/31/2009		Vendor		N/A	
Mark, if Statement is TRUE							
<input checked="" type="checkbox"/> Contractor is on STARS as required				<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required			
Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code		
329.01	47	084	11				
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount		
2007	\$ 367,712.00	\$ 150,000.00			\$ 517,712.00		
2008	\$ 541,690.00				\$ 541,690.00		
2009	\$ 561,098.00				\$ 561,098.00		
2010	\$ 284,500.00				\$ 284,500.00		
					\$ -		
					\$ -		
TOTAL	\$ 1,755,000.00	\$ 150,000.00	\$ -	\$ -	\$ 1,905,000.00		
COMPLETE FOR AMENDMENTS ONLY				State Agency Fiscal Contact & Telephone #			
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Joey Gallaher 741-1000 Extension 8096				
2007	\$ 517,712.00		State Agency Budget Officer Approval 				
2008	\$ 541,690.00						
2009	\$ 276,598.00	\$ 284,500.00					
2010		\$ 284,500.00					
TOTAL	\$ 1,336,000.00	\$ 569,000.00	Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)				
End Date	12/31/2008	12/31/2009					
Contractor Ownership							
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> NOT minority/disadvantaged			
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—				
Contractor Selection Method							
<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation		<input type="checkbox"/> Alternative Procurement Method				
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government		<input type="checkbox"/> Other				
Procurement Process Summary							
N/A since this is an amendment. <div style="text-align: center;">  2008 SEP 29 PM 4:13 561,098 </div>							

AMENDMENT TWO TO FA-07-16833-00

This Contract Amendment is made and entered by and between the State of Tennessee, DEPARTMENT OF CORRECTION, hereinafter referred to as the "State" and SPECTRUM HEALTH SYSTEMS, INC., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The Text of Contract Section A is deleted in its entirety and replaced with the following:

A. SCOPE OF SERVICES:

General Program Requirements

- a. The Contractor shall develop and implement an approximate nine (9) month comprehensive alcohol and drug treatment program based on a Therapeutic Community (TC) model for incarcerated felony drug offenders at the following facilities along with the required Contractor staffing indicated:

Tennessee Prison for Women (TPW)

64 beds

Required Contractor Staffing: Two (2) licensed substance abuse counselors and two (2) non-licensed substance abuse counselors (full time positions or their equivalents working standard week of 37.5 hours). Case load ratios to be determined by the State's Director of Substance Abuse Services.

Mark Luttrell Correctional Center (MLCC)

32 beds

Required Contractor Staffing: One (1) licensed substance abuse counselors and one (1) non-licensed substance abuse counselor (full time positions or their equivalents working standard week of 37.5 hours). Case load ratios to be determined by the State's Director of Substance Abuse Services.

Northwest Correctional Complex (NWCX)

48 beds

Required Contractor Staffing: One (1) licensed substance abuse counselors and one (1) non-licensed substance abuse counselors (full time positions or their equivalents working standard week of 37.5 hours). Case load ratios to be determined by the State's Director of Substance Abuse Services.

- b. The Contractor shall design and implement an approximate nine (9) month treatment program that includes the following treatment elements:

1) Modified Therapeutic Community Structure to include the following:

Initial Assessment

Pre and Post testing designed to evaluate the program participant's criminal thinking errors

TC structure boards that outline peer hierarchy, roles and job functions

Evidence-based cognitive behavioral therapy curriculum

Program rules

TC Dynamics (such as push-ups, pull-ups, role modeling, awareness sessions, peer support/interaction, peer hierarchy, learning experiences, etc.)

Community meetings

- 2) Confrontation/Encounter group at least twice a week
 - 3) Alcohol and Drug Treatment
 - 4) Individual and Group Counseling
 - 5) Drug Testing
- c. The Contractor shall provide treatment service for a minimum of one hundred forty four (144) offenders on an annual basis. All treatment services shall be conducted in accordance with TDOC Policy #113.95. The Contractor's treatment program shall include the following phases:

Phase I – Orientation. During this phase all assessments are conducted and a treatment plan is prepared for each participant. Program participants are oriented to the Therapeutic Community Model and program rules and regulations. Each offender shall receive a minimum of 12 hours of documented therapeutic activities each week. Therapeutic activities may be divided between TC work crews, treatment educational or group counseling sessions, structured group community functions, or 12 step meeting attendance (if available).

Phase II – Main Treatment. Each offender shall receive a minimum of 12 hours of documented therapeutic activities each week. Therapeutic activities may be divided between TC work crews, treatment educational or group counseling sessions, structured group community functions, academic or vocational counseling programming (if available), or 12 step meeting attendance (if available) .

Phase III – Reintegration. During this phase offenders are preparing for community release or release to the general prison population. All program participants shall be required to have a Discharge Summary which will include the following information: housing arrangements, employment, family/marital plans, legal issues and continued treatment plans (if any). Each offender shall receive a minimum of 12 hours of documented therapeutic activities each week. Therapeutic activities may be divided between TC work crews, treatment educational or group counseling sessions, structured group community functions, academic or vocational counseling programming (if available), or 12 step meeting attendance (if available) .

Program participants that have completed all phases of the treatment program shall be successfully commenced from the Therapeutic Community.

- d. The Contractor shall adhere to the criteria for movement from one phase to the next as established in TDOC policy 113.95, as it may be amended in writing by the Department during the term of this contract.

A.2. Treatment Services

- a. The Contractor shall use assessment instruments approved by the State's Director of Substance Abuse Services.
- b. The Contractor shall ensure all participants have an Individualized Treatment Plan that will address the following issues: addiction severity, arresting offense and other social and health related information. All treatment plans shall be reviewed and, if needed, updated at every Phase change.

- c. The Contractor shall conduct a follow-up assessment prior to release on each program participant to measure change over time. The assessment instruments to be used must be approved by the State's Director of Substance Abuse Programs.
- d. The Contractor shall be responsible for providing all approved daily treatment and programming activities within the TC. The Contractor shall provide treatment at least five (5) days per week except for holidays as provided in the State holiday schedule.
- e. The Contractor, in concert with the State's Director of Substance Abuse Services, shall provide cognitive/behavioral, culturally sensitive and gender specific treatment programming (i.e. Commitment to Change, Victims Impact) as outlined in the curriculum contained in the Contractor's proposal. Such programming shall be designed to meet the participants' specific needs. Any change in the curriculum requires prior written approval of the State's Director of Substance Abuse Services
- f. The class size of group sessions will be determined by the program census at the institution and by the State's Director of Substance Abuse Services.
- g. The Contractor's Educational sessions shall include topics as outlined in its curriculum.
- h. The Contractor shall encourage and incorporate into the treatment program peer support and role modeling.
- i. The Contractor shall encourage program participants to be involved with weekly structured self-help group meetings where they are offered.

A.4. Urinalysis Testing

Urinalysis testing shall be used as part of the treatment program as a tool for monitoring program compliance and to identify problems. Actual testing shall be done by institutional staff. The contractor shall be responsible for identifying and advising institutional staff which inmates need to be tested to be in compliance with TDOC Policy requirements, and maintaining in programmatic files those test results as required by Policy. All program-related drug screens (to be paid for by the State) shall be conducted in accordance with TDOC Policy 506.21 and TDOC Policy 113.95, as they may be amended in writing by the Department during the term of this contract.

A.5. Staffing

- a. The Contractor shall be responsible for recruiting training, and supervising all contract treatment and counseling staff. All clinical treatment services shall be provided by licensed alcohol and drug counselors or trained counseling staff.
- b. The Contractor shall maintain the required level of service during staff vacation, sick leave and other absences.
- c. Staff selected by the Contractor for employment on this project shall be asked if they have any association or affiliation with any inmate or offender under any type of supervision by the Tennessee Department of Correction or the Board of Probation and Parole. If any such association or affiliation exists, written approval from the State shall be required prior to employment.
- d. Prior to employment with the Contractor, applicants shall be subjected to a thorough background investigation. Criminal and employment histories must go back a minimum of five (5) years. Said background investigations shall be available to the State upon request. The Contractor shall immediately request a "Criminal History Request" from the National Crime Information Center (NCIC) to be completed on each individual hired to work at a

Facility. The request shall be forwarded to the State and processed in accordance with procedures established by the Commissioner of TDOC. In no instance may an employee begin work in a facility until the NCIC check has been completed; however, the employee may participate in pre-service training while the check is in process. The State shall notify the Contractor whether or not the employee is cleared for further consideration for employment. The criminal history obtained from NCIC or FBI may be used solely for the purpose requested, and may not be disseminated outside the Department of Correction or the affected employee.

- e. The Contractor, its employees, and others acting under the Contractor's control shall at all times observe and comply with all applicable State statutes, Tennessee Department of Correction policies and procedures, and institutional policies and procedures, as the same may be amended in writing by the Department during the term of this contract, including, but not limited to, policies regarding security, custody, and control of inmates.
- f. The Contractor shall not obstruct the Department of Correction or any of its designated officials from performing their duties in the maintenance of a secure and safe correctional environment.
- g. The Contractor's staff shall be required to attend thirty-two (32) hours of institutional pre-service training provided by the state.

A.6. Administrative Requirements for Both Institutions

- a. The Contractor in concert with the State's Director of Substance Abuse Services shall develop clearly defined treatment goals and measurable outcomes that directly relate to the program's objectives.
- b. The Contractor shall maintain, for all program participants, scheduled progress reports as approved by the State's Director of Substance Abuse Services that outline program participants' movement toward completion of treatment goals.
- c. The Contractor shall be responsible for completing and submitting all State program forms approved by the State's Director of Substance Abuse Services.
- d. The Contractor shall maintain complete clinical case files on all program participants in accordance with TDOC policy 113.95, as it may be amended in writing by the Department during the term of this contract.

All case files shall be secured in a locked cabinet and in accordance with federal regulations governing "Confidentiality of Alcohol and Drug Abuse Patient Records" (42 CFR, Part 2).

- e. The Contractor shall establish a system of incentives and graduated therapeutic sanctions. The system of incentives and sanctions and any revisions thereto require the prior written approval of the state's Director of Substance Abuse Services.
- f. The Contractor and the State shall jointly develop and maintain standardized operating and disciplinary procedures.
- g. All services and materials associated with the implementation and facilitation of the treatment program shall be furnished by the Contractor.

2. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

- B.1. Contract Term. This Contract shall be effective for the period commencing on July 3, 2006 and ending on December 31, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

3. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million nine hundred five thousand dollars (\$1,905,000). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

4. The following is added as Contract Section D.20.:

- D.20. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment 1, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration

to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.

- e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

- 5. Contract Attachment **One - Attestation Re Personnel Used In Contract Performance** attached hereto is added as a new Contract Attachment.

6. The text of Contract Section E.2. is deleted in its entirety and replaced with the following:

- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Kenneth Osborne, Director of Substance Abuse
Department of Correction
4th Floor, Rachel Jackson Building
Nashville, Tennessee 37243-0465

TELEPHONE NUMBER: 615-741-1000 Extension 8195

FACSIMILE NUMBER: 615-741-4605

The Contractor:

Charles J. Faris, President & CEO
Spectrum Health Systems, Inc.
10 Mechanic Street, Suite 302
Worcester, MA 01608

TELEPHONE NUMBER: (508) 792-5400 Extension 118

FACSIMILE NUMBER: (508) 831-0074

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

7. The following is added as Contract Section E.16.:

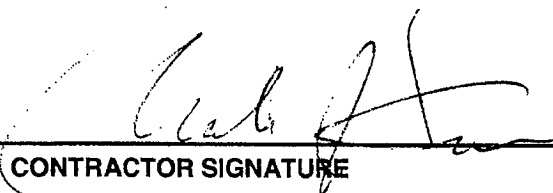
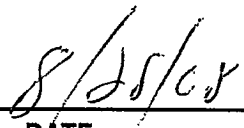
- E.5. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
- b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

The revisions set forth herein shall be effective October 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

SPECTRUM HEALTH SYSTEMS, INC.:

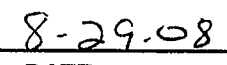
 

 CONTRACTOR SIGNATURE DATE

Charles J. Faris, President & CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF CORRECTION:


 

 GEORGE M. LITTLE, COMMISSIONER DATE

APPROVED:


M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

9/24/08
DATE


JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

9/30/08
DATE

ATTACHMENT ONE (1)

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-07-16833-00
CONTRACTOR LEGAL ENTITY NAME:	SPECTRUM HEALTH SYSTEMS, INC.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	042478978

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.



CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Charles J. Faris, President & CEO

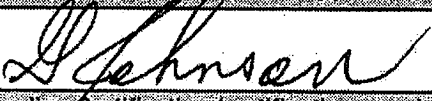
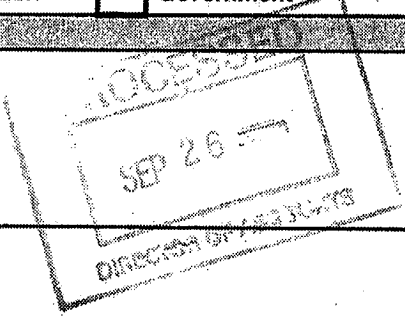
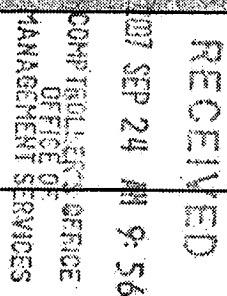
PRINTED NAME AND TITLE OF SIGNATORY

8/28/08

DATE OF ATTESTATION

CONTRACT SUMMARY SHEET

8-8-05

RFS #		Contract #	
329.01-184		FA-07-16833-01	
State Agency		State Agency Division	
Department of Correction		Rehabilitative Services	
Contractor Name		Contractor ID # (FEIN or SSN)	
Spectrum Health Systems, Inc.		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 042478978	
Service Description			
Residential Alcohol and Drug Treatment Program Two			
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
7/3/2006	12/31/2008	Vendor	N/A
Mark, if Statement is TRUE			
<input checked="" type="checkbox"/> Contractor is on STARS as required		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required	
Allotment Code	Cost Center	Object Code	Fund
329.01	47	084	11
FY	State	Federal	Interdepartmental
2007	\$ 367,712.00	\$ 150,000.00	
2008	\$ 541,690.00		
2009	\$ 276,598.00		
TOTAL:	\$ 1,186,000.00	\$ 150,000.00	\$ -
— COMPLETE FOR AMENDMENTS ONLY —		State Agency Fiscal Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Garland Johnson 741-1000 Extension 8096
2007	\$ 517,712.00		State Agency Budget Officer Approval 
2008	\$ 265,544.00	\$ 276,146.00	
2009		\$ 276,598.00	
			Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL:	\$ 783,256.00	\$ 552,744.00	
End Date			
Contractor Ownership			
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input checked="" type="checkbox"/> NOT minority/disadvantaged
Contractor Selection Method			
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Procurement Method	
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other	
Procurement Process Summary			
N/A since this is an amendment. <div style="text-align: center;">  </div> <div style="text-align: right;">  </div>			

**AMENDMENT ONE
TO CONTRACT FA-07-16833-00**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Correction, hereinafter referred to as the "State" and Spectrum Health Systems, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

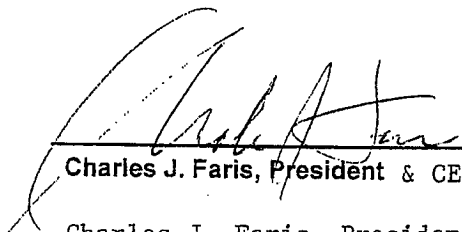
1. The text of contract Section B.1. is deleted in its entirety and replaced with the following:
B.1. Contract Term. This Contract shall be effective for the period commencing on July 3, 2006 and ending on December 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
2. The text of contract Section C.1. is deleted in its entirety and replaced with the following:
C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed **one million three hundred thirty six thousand dollars (\$1,336,000)**. The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The revisions set forth herein shall be effective January 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

Spectrum Health Systems, Inc.:



Charles J. Faris, President & CEO

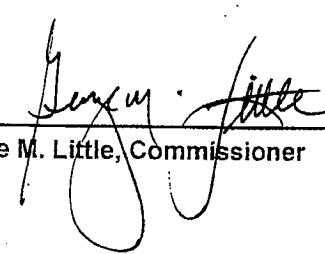
8/12/07

DATE

Charles J. Faris, President & CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

Department of Correction:


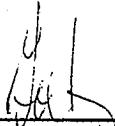
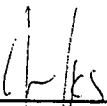
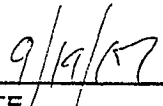


George M. Little, Commissioner

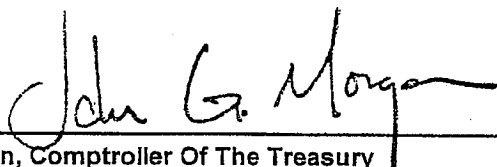
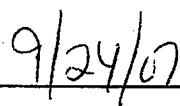
9/11/07

DATE

APPROVED:

M. D. Goetz, Jr., Commissioner DATE
Department Of Finance And Administration

John G. Morgan, Comptroller Of The Treasury DATE

CONTRACT SUMMARY SHEET

8-8-05

RFS #		Contract #	
329.01-184		FA-07-16833-00	
State Agency		State Agency Division	
Department of Correction			
Contractor Name		Contractor ID # (FEIN or SSN)	
Spectrum Health Systems, Inc.		C- or <input checked="" type="checkbox"/> V- 042478978-00 01	
Service Description			
Residential Alcohol and Drug Treatment Program Two			
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
7/3/2006	12/31/2007	Vendor	N/A
Mark, if Statement is TRUE			
<input checked="" type="checkbox"/> Contractor is on STARS as required		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required	
Allotment Code	Cost Center	Object Code	Fund
329.01	47	084	11
FY	State	Federal	Interdepartmental
2007	\$ 367,712.00	\$ 150,000.00	
2008	\$ 265,544.00		
			TOTAL Contract Amount
			\$ 517,712.00
			\$ 265,544.00
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
TOTAL	\$ 633,256.00	\$ 150,000.00	\$ -
COMPLETE FOR AMENDMENTS ONLY			
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	State Agency Fiscal Contact & Telephone #
			Garland Johnson 741-1000 Extension 8096
			State Agency Budget Officer Approval
			<i>[Signature]</i>
			Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL	\$ -	\$ -	
Contractor Ownership			
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input checked="" type="checkbox"/> NOT minority/disadvantaged
OTHER minority/disadvantaged			
Contractor Selection Method			
<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Procurement Method	
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other	
Procurement Process Summary			
N/A since obtained through the RFP process.			

PROCESSED
JUL 21 2006
DIRECTOR OF ACCOUNTS

RECEIVED
JUL 18 2006
JUL 24 PM 2:11
JUL 24 PM 2:11

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CORRECTION
AND
SPECTRUM HEALTH SYSTEMS, INC.**

This Contract, by and between the State of Tennessee, Department of Correction, hereinafter referred to as the "State" and Spectrum Health Systems, Inc., hereinafter referred to as the "Contractor," is for the provision of in-prison comprehensive alcohol and drug treatment program, as further defined in the "SCOPE OF SERVICES."

The Contractor is A NONPROFIT CORPORATION. The Contractor's address is:

10 Mechanic Street, Suite 302
Worcester, MA 01608

The Contractor's place of incorporation or organization is Massachusetts.

A. SCOPE OF SERVICES:

A.1 General Program Requirements

- a. The Contractor shall develop and implement a six (6) to nine (9) month in-prison, comprehensive alcohol and drug treatment program based on a Therapeutic Community (TC) model for incarcerated felony drug offenders at the following facilities along with the required Contractor staffing indicated:

Tennessee Prison for Women (TPW) 64 beds

Required Contractor Staffing: Two (2) licensed substance abuse counselors and two (2) non-licensed substance abuse counselors (full time positions or their equivalents working standard week of 37.5 hours) Expectations are to maintain a case load ratio of sixteen (16) participants to one (1) counselor.

Mark Luttrell Correctional Center (MLCC) 32 beds

Required Contractor Staffing: One (1) licensed substance abuse counselor and one (1) non-licensed substance abuse counselor (full time positions or their equivalents working standard week of 37.5 hours) Note: Expectations are to maintain a case load ratio of twenty-five (25) participants to one (1) counselor.

Northwest Correctional Complex (NWCX) 48 beds

Required Contractor Staffing: One (1) licensed substance abuse counselor and one (1) non-licensed substance abuse counselor (full time positions or their equivalents working standard week of 37.5 hours) Note: Expectations are to maintain a case

load ratio of twenty-five (25) participants to one (1) counselor.

- b. The Contractor shall design and implement a treatment program that includes the following treatment elements:

1) Classic Therapeutic Community Structure

Assessment

Pre-testing designed to evaluate the program participant's cognitions

Post-testing designed to evaluate the program's effect on change in the participant's cognitions

(TC) roles and job functions

Evidence-based cognitive behavioral therapy curriculum

Program rules

Community dynamics (such as push-ups, pull-ups, buddy system, role modeling, awareness sessions, peer support/interaction, peer hierarchy, learning experiences, etc.)

Community meetings

2) Confrontation/Encounter group

3) Drug Education

4) Substance Abuse Treatment

5) Individual and Group Counseling

6) Drug Testing

- c. The Contractor shall provide treatment services for a minimum of 144 offenders on an annual basis and shall provide contractor staff participation in annual substance abuse treatment program integrity reviews and semi-annual reviews of individual substance abuse treatment program as mandated by TDOC policy. All treatment services shall be conducted in accordance with TDOC Policy #113.95 at the following web address: <http://www.state.tn.us/correction/pdf/113-95.pdf>. The Contractor's treatment program shall include the following phases:

Phase I – Orientation. This is the initial phase of the program. During this phase a needs assessment is conducted and a treatment plan is prepared for each participant. Program participants are oriented to the Therapeutic Community Model and program rules and regulations. During this phase each offender shall receive a minimum of twenty (20) hours of documented therapeutic activities per week. Therapeutic activities may be divided between in-prison community service work, drug education, Therapeutic Community (TC) oriented groups or group counseling sessions.

Phase II – Main Treatment. This is the intensive stage of treatment in which each offender shall receive a minimum of thirty (30) hours of documented therapeutic activities per week. During this phase offenders may be involved in any one or a combination of the following activities: drug education, individual and group treatment, TC related group processes and academic and vocational programming, if available. During this phase offenders shall also be encouraged to participate in structured self-help groups.

Phase III – Reintegration. During this phase offenders are preparing for community release or release to the general prison population. The primary focus of this phase shall be on addressing transitional issues. All program participants shall be required to develop a Transition Accountability Plan. This plan is for the participant to develop with assistance from the counselor. It includes information such as housing arrangements, family/marital plans, education, employment, legal issues, continued treatment services, etc. Each offender shall receive a minimum of ten (10) hours of documented therapeutic activities per week. Therapeutic activities may include any one or a combination of the following activities: individual and group counseling, vocational skills development, community service and participation in self-help groups.

Program participants that have completed all phases of the treatment program shall be successfully terminated from the Therapeutic Community.

- d. In concert with the State, the Contractor shall develop clear, distinct, and documented criteria for movement from one phase to the next.

A.2. Treatment Services

- a. The Contractor shall use the TDOC Intake Assessment form and Texas Christian University Drug Screen II (TCUDS II) as well as a pre-testing system to assess participants' needs and treatment plan development as specified in TDOC Policy.
- b. The Contractor shall address the following issues when developing the treatment plan: addiction severity, drug use, prior treatment, and other social and health related information. All program participants shall have an individual treatment plan. All treatment plans shall be reviewed and updated every six (6) months.
- c. The contractor shall conduct a follow-up assessment within four (4) to six (6) weeks prior to program release on each program participant to measure change over time. The assessment instruments to be used must be approved by the State's Director of Substance Abuse Programs.
- d. The Contractor shall be responsible for providing all approved daily treatment and programming activities within the TC. The Contractor shall provide therapeutic activities at least five (5) days per week except for holidays as provided in the State holiday schedule.
- e. Treatment programming shall be designed for the appropriate gender being treated and shall focus on areas such as but are not limited to the disease concept of addiction, criminal thinking errors, guilt/shame, wellness, sexually transmitted diseases, anger/domestic violence, abuse, co-dependency, powerlessness, responsibility, fulfillment and self-actualization, dysfunctional relationships, self image and self esteem, parenting, fetal alcohol syndrome and the abuse of the unborn child, leisure time planning, spirituality, nutrition, victims' awareness, and choices.
- f. The Contractor shall normally limit treatment group sessions to twenty (20) participants or less. Drug education class sizes shall normally be limited to thirty-two (32) participants or less.
- g. Drug education shall include classroom instruction on thinking errors, criminal behavior, drugs, their effects, and consequences. Each program participant will receive a minimum of ten (10) weeks or twenty-six (26) hours of drug education.
- h. The Contractor shall offer programming that includes cognitive/behavioral skills development. Programming shall be designed to meet the participants' specific needs.

The Contractor shall encourage and incorporate into the treatment program peer support and role modeling.

The Contractor shall provide opportunities for program participants to be involved with weekly structured self-help group meetings through Alcoholics Anonymous (AA) and Narcotics Anonymous (NA). Attendance will be encouraged by the Contractor.

- k. The Contractor shall also offer weekly follow-up or aftercare session for program graduates to monitor progress and provide support.

The Contractor shall provide programming which meets the unique needs and concerns of different genders and cultures including such factors as cultural orientations, beliefs, and value systems relevant to these populations.

Urinalysis Testing

- a. Urinalysis testing shall be used as part of the treatment program as a tool for monitoring program compliance and to identify problems.
- b. All program-related drug screens (to be paid for by the State) shall be conducted in accordance with TDOC Policy 506.21 and TDOC Policy 113.95 available at the following website:
<http://www.state.tn.us/correction/policies/poly.html>.

All program participants shall receive an initial drug and alcohol screen as well as random screens while participating in the treatment program. All positive screens shall be confirmed through the use of a second testing methodology.

The Contractor shall comply with the State's policy and procedures regarding urinalysis testing, chain of custody, and sanctions for positive drug screens.

Staffing

- a. The Contractor shall be responsible for recruiting (except for the State staff), training, and supervising all contract treatment and counseling staff. All clinical treatment services shall be provided by licensed alcohol and drug counselors or trained counseling staff.
- b. The Contractor shall maintain the required level of service during staff vacation, sick leave and other absences.
- c. Staff selected by the Contractor for employment on this project shall be asked if they have any association or affiliation with any inmate or offender under any type of supervision by the Tennessee Department of Correction or the Board of Probation and Parole. If any such association or affiliation exists, written approval from the State shall be required prior to employment.
- d. Prior to employment with the Contractor, applicants shall be subjected to a thorough background investigation. Criminal and employment histories must go back a minimum of five (5) years. Said background investigations shall be available to the State upon request. The Contractor shall immediately request a "Criminal History Request" from the National Crime Information Center (NCIC) to be completed on each individual hired to work at a Facility. The request shall be forwarded to the State and processed in accordance with procedures established by the Commissioner of TDOC. In no instance may an employee begin work in a facility until the NCIC check has been completed; however, the employee may participate in pre-service training while the check is in process. The State shall notify the Contractor whether or not the employee is cleared for further consideration for employment. The criminal history obtained from NCIC or FBI may be used solely for the purpose requested, and may not be disseminated outside the Department of Correction or the affected employee.
- e. The Contractor, its employees, and others acting under the Contractor's control shall at all times observe and comply with all applicable State statutes, Tennessee Department of Correction policies and procedures, and institutional policies and procedures. Refer to the following website: <http://www.state.tn.us/correction/policies/poly.html>. The Contractor and its employees shall at all times adhere to Tennessee Department of Correction policies regarding security, custody, and control of inmates.

- f. The contractor shall not obstruct the Department of Correction or any of its designated officials from performing their duties in the maintenance of a secure and safe correctional environment.
- g. The Contractor's staff shall be required to attend thirty-two (32) hours of institutional pre-service training.

Administrative Requirements.

- a. The Contractor shall develop clearly defined treatment goals and measurable outcomes that directly relate to the program's objectives.
- b. The Contractor shall present to the State (within forty-five (45) days from the date the Contractor signs the contract) a description of the procedures that shall be used to track and evaluate program outcomes that include but are not limited to employment history and recidivism on all program participants who successfully complete the program and who are subsequently released from the prison facilities.
- c. The Contractor shall maintain, for all program participants, weekly progress reports that outline program participants' progress toward completion of treatment goals.
- d. The Contractor shall be responsible for completing and submitting all State program forms including: TCUDS (if not provided by TDOC classification staff), monthly program statistical report, intake report forms, and discharge summaries.
- e. The Contractor shall maintain complete clinical case files on all program participants as described in TDOC policy 113.95 located at the following website:
<http://www.state.tn.us/correction/pdf/113-95.pdf>.

All case files shall be secured in a locked cabinet and in accordance with federal regulations governing "Confidentiality of Alcohol and Drug Abuse Patient Records" (42 CFR, Part 2 at the following website: http://www.access.gpo.gov/nara/cfr/waisidx_02/42cfr2_02.html).

- f. The Contractor, in concert with the Department of Correction, shall establish a system of rewards / incentives and graduated sanctions.
- g. The Contractor and the State shall jointly develop and maintain standardized operating and disciplinary procedures.
- h. All services and materials associated with the implementation and facilitation of the treatment program shall be furnished by the Contractor.

B. CONTRACT TERM:

- B. Contract Term. This Contract shall be effective for the period commencing on July 3, 2006 and ending on December 31, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least one hundred twenty (120) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C. PAYMENT TERMS AND CONDITIONS:

- C.1 **Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed **seven hundred eighty three thousand two hundred fifty six dollars (\$783,256)**. The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

- C.3. **Payment Methodology.** The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

SERVICE UNIT/MILESTONE	Hourly Rate during 7/3/2006 thru 6/30/2007	Hourly Rate during 7/1/2007 thru 12/31/2007	*Hourly Rate during 1/1/2008 thru 12/31/2008	*Hourly Rate during 1/1/2009 thru 12/31/2009	*Hourly Rate during 1/1/2010 thru 12/31/2010
Licensed Substance Abuse Counselor Hourly Rate	\$37.66	\$38.64	\$40.19	\$41.32	\$42.49
Non-licensed Substance Abuse Counselor Hourly Rate	\$30.46	\$31.24	\$32.48	\$33.38	\$34.30

* Would apply if extended by amendment.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.

Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form

has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least ninety (90) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

- D.9. Monitoring.** The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.

Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under **Tennessee Code Annotated**, Sections 9-8-101 through 9-8-407.

- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1 Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

William Gupton, Director of Substance Abuse
Department of Correction
4th Floor, Rachel Jackson Building
Nashville, Tennessee 37243-0465

TELEPHONE NUMBER: 615-741-1000 Extension 8195

FACSIMILE NUMBER: 615-741-4605

The Contractor:

Charles J. Faris, President & CEO
Spectrum Health Systems, Inc.
10 Mechanic Street, Suite 302
Worcester, MA 01608

TELEPHONE NUMBER: (508) 792-5400 Extension 118

FACSIMILE NUMBER: (508) 831-0074

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or services. Such procurements shall be made on a competitive basis, where practical.

State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.

Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. All Clarifications and addenda made to the Contractor's Proposal
- c. The Request for Proposal and its associated amendments
- d. Technical Specifications provided to the Contractor
- e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

Workpapers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis workpapers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.

Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

No federally appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients of federally appropriated funds shall certify and disclose accordingly.

Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.

Confidentiality of Records. The Contractor agrees that strict standards of confidentiality of records shall be maintained in accordance with state and federal law and regulations (T.C.A. 63-2-101, T.C.A. 33-3-103 et seq., 42 CFR Part 2). All material and information provided to the Contractor by the State or acquired by the Contractor on behalf of the State whether verbal, written, magnetic tape, cards or otherwise shall be regarded as confidential information in accordance with the provisions of state law and ethical standards and shall not be disclosed, except as otherwise permitted by law, regulation or court order, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with federal and state law and ethical standards.

It shall be the Contractor's responsibility to ensure that any destruction of confidential information, as described in this section, will be accomplished in a manner consistent with state policy and federal regulations pertaining to the destruction of private or confidential data.

The Contractor's obligations under this section do not apply to information; in the public domain; entering the public domain but not from a breach by the Contractor of this contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

Date/Time Hold Harmless. As required by **Tennessee Code Annotated**, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

- E.13. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by **Tennessee Code Annotated**, Section 8-6-106.

Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in **Tennessee Code Annotated**, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.

IN WITNESS WHEREOF:

SPECTRUM HEALTH SYSTEMS, INC.:


Charles J. Faris, President & CEO

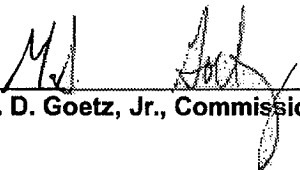
6/10/06

DEPARTMENT OF CORRECTION:


George M. [unclear]6/14/06
Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner7/11/06
Date

DEPARTMENT OF PERSONNEL:


Nat E. Johnson, Acting Commissioner

Date

COMPTROLLER OF THE TREASURY


John G. Morgan, Comptroller of the Treasury7/13/06
Date